

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
MARENGO, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2004

TABLE OF CONTENTS

	Page
OFFICIALS	3
INDEPENDENT AUDITOR’S REPORT	4-5
BASIC FINANCIAL STATEMENTS	
Exhibit	
District-Wide Financial Statements:	
A Statement of Net Assets	8-9
B Statement of Activities	10-13
Governmental Fund Financial Statements:	
C Balance Sheet	14-15
D Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	16
E Statement of Revenues, Expenditures and Changes in Fund Balances	17-18
F Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	19
Proprietary Fund Financial Statements:	
G Statement of Net Assets	20
H Statement of Revenues, Expenses, and Changes in Net Assets	21
I Statement of Cash Flows	22-23
Fiduciary Fund Financial Statements:	
J Statement of Fiduciary Net Assets	24
K Statement of Changes in Fiduciary Net Assets	25
Notes to Financial Statements	26-40
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Fund	42
Budgetary Comparison Schedule - Budget to GAAP Reconciliation	43
Notes to Required Supplementary Information – Budgetary Reporting	44
OTHER SUPPLEMENTARY INFORMATION:	
Schedule	
Nonmajor Governmental Funds:	
1 Combining Balance Sheet	46-47
2 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	48-51
3 Schedule of Changes in Special Revenue Fund, Student Activity Accounts	52
4 Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	53
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING	54-55
SCHEDULE OF FINDINGS	56-58

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
RELATED PARTY OFFICIALS

OFFICIALS

6/30/04

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2003 Election)		
Don Cronbaugh	President	2005
Vanessa Freshour	Vice President	2004
Douglas Morse	Board Member	2003
Michael Smith	Board Member	2003
Kenneth Caes	Board Member	2005

Board of Education

(After September 2003 Election)

Don Cronbaugh	President	2005
Vanessa Freshour	Vice President	2004
Kenneth Caes	Board Member	2005
Jane Fry	Board Member	2006
Michael Smith	Board Member	2006

School Officials

Dr. Philip Wainwright	Superintendent	2007
Lynda K. Johnson	District Secretary/Treasurer	2004
Harned & McMeen	Attorney	2004

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Iowa Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Iowa Valley Community School District, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Iowa Valley Community School District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 11 to the financial statements, during the year ended June 30, 2004, Iowa Valley Community School District adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosure; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated September 3, 2004 on our consideration of Iowa Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 42 through 44 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iowa Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
September 3, 2004

This page intentionally left blank

Basic Financial Statements

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2004

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 282,854	\$ 34,015	\$ 316,869
Receivables:			
Property tax:			
Current year	32,568	-	32,568
Succeeding year	1,532,000	-	1,532,000
Income surtax	272,654	-	272,654
Accrued interest	77	-	77
Accounts	2,768	268	3,036
Due from other governments	96,670	-	96,670
Inventories	-	8,173	8,173
Restricted ISCAP assets (note 4):			
Investments	1,148,584	-	1,148,584
Accrued interest receivable	1,334	-	1,334
Capital assets, net of accumulated depreciation (note 5)	4,354,687	14,532	4,369,219
Total assets	7,724,196	56,988	7,781,184
Liabilities			
Accounts payable	26,573	75	26,648
Salaries and benefits payable	512,165	10,429	522,594
Due to other governments	476	-	476
Accrued interest payable	9,118	-	9,118
Real estate contract payable	8,000	-	8,000
ISCAP warrants payable (note 4)	1,142,000	-	1,142,000
ISCAP accrued interest payable (note 4)	2,454	-	2,454
Deferred revenue:			
Succeeding year property tax	1,532,000	-	1,532,000
Other	-	94	94
Long-term liabilities (note 6):			
Portion due within one year:			
Bonds payable	155,000	-	155,000
Early retirement	106,425	-	106,425
Portion due after one year:			
Bonds payable	2,890,000	-	2,890,000
Early retirement	120,600	-	120,600
Total liabilities	6,504,811	10,598	6,515,409

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2004

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 1,309,687	\$ 14,532	\$ 1,324,219
Restricted for:			
Physical plant and equipment levy	50,266	-	50,266
Other special revenue purposes	106,977	-	106,977
Unrestricted	(247,545)	31,858	(215,687)
Total net assets	\$ <u>1,219,385</u>	\$ <u>46,390</u>	\$ <u>1,265,775</u>

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
Governmental Activities:			
Instruction:			
Regular instruction	\$ 2,481,932	\$ 138,225	\$ 253,089
Special instruction	608,264	31,978	91,147
Other instruction	564,862	143,404	10,997
	<u>3,655,058</u>	<u>313,607</u>	<u>355,233</u>
Support services:			
Student services	187,120	-	19,727
Instructional staff services	176,739	-	-
Administration services	550,864	-	-
Operation and maintenance of plant services	382,098	-	-
Transportation services	133,824	-	907
	<u>1,430,645</u>	<u>-</u>	<u>20,634</u>
Non-instructional programs	<u>21,478</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Long-term debt interest and fiscal charges	490,874	-	-
AEA flowthrough	191,905	-	191,905
Depreciation (unallocated) *	126,870	-	-
	<u>809,649</u>	<u>-</u>	<u>191,905</u>
Total governmental activities	5,916,830	313,607	567,772
Business-Type Activities:			
Non-instructional programs:			
Food service operations	<u>227,939</u>	<u>152,573</u>	<u>79,567</u>
Total	\$ 6,144,769	\$ 466,180	\$ 647,339

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (2,090,618)	\$ -	\$ (2,090,618)
(485,139)	-	(485,139)
(410,461)	-	(410,461)
(2,986,218)	-	(2,986,218)
(167,393)	-	(167,393)
(176,739)	-	(176,739)
(550,864)	-	(550,864)
(382,098)	-	(382,098)
(132,917)	-	(132,917)
(1,410,011)	-	(1,410,011)
(21,478)	-	(21,478)
(490,874)	-	(490,874)
-	-	-
(126,870)	-	(126,870)
(617,744)	-	(617,744)
(5,035,451)	-	(5,035,451)
-	4,201	4,201
(5,035,451)	4,201	(5,031,250)

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

Functions/Programs

General Revenues:

Property tax levied for:

General purposes

Debt service

Capital outlay

Income surtax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year, as restated (note 11)

Net assets end of year

* = This amount excludes the depreciation that is included
in the direct expense of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ 1,452,813	\$ -	\$ 1,452,813
113,497	-	113,497
87,734	-	87,734
254,790	-	254,790
2,456,125	-	2,456,125
14,962	26	14,988
40,666	-	40,666
4,420,587	26	4,420,613
(614,864)	4,227	(610,637)
1,834,249	42,163	1,876,412
<u>\$ 1,219,385</u>	<u>\$ 46,390</u>	<u>\$ 1,265,775</u>

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and pooled investments	\$ 121,704	\$ 235,369	\$ 357,073
Receivables:			
Property tax:			
Current year	26,262	6,306	32,568
Succeeding year	1,227,000	305,000	1,532,000
Income surtax	155,802	116,852	272,654
Accounts	500	2,268	2,768
Due from other governments	96,670	-	96,670
Restricted ISCAP assets (note 4):			
Investments	1,148,584	-	1,148,584
Accrued interest receivable	1,411	-	1,411
	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>2,777,933</u>	\$ <u>665,795</u>	\$ <u>3,443,728</u>

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

	General	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances			
Liabilities:			
Excess of warrants issued over bank balance	\$ 60,994	\$ 16,459	\$ 77,453
Accounts payable	24,429	2,144	26,573
Salaries and benefits payable	512,165	-	512,165
Due to other governments	476	-	476
Real estate contract	-	8,000	8,000
ISCAP warrants payable (note 4)	1,142,000	-	1,142,000
ISCAP accrued interest payable (note 4)	2,454	-	2,454
Deferred revenue:			
Succeeding year property tax	1,227,000	305,000	1,532,000
Other	155,802	116,852	272,654
Total liabilities	<u>3,125,320</u>	<u>448,455</u>	<u>3,573,775</u>
Fund balance:			
Reserved for:			
State grants	6,142	-	6,142
Debt service	-	3,429	3,429
Unreserved:			
Reported in nonmajor Special			
Revenue Funds	-	195,577	195,577
Undesignated	(353,529)	18,334	(335,195)
Total fund balances	<u>(347,387)</u>	<u>217,340</u>	<u>(130,047)</u>
Total liabilities and fund balances	<u>\$ 2,777,933</u>	<u>\$ 665,795</u>	<u>\$ 3,443,728</u>

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2004

Total fund balances of governmental funds	\$	(130,047)
---	----	-----------

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		4,354,687
---	--	-----------

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		272,654
--	--	---------

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(9,118)
--	--	---------

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(3,272,025)
---	--	-------------

The balance of the Internal Service Fund reported as a proprietary fund is included in the government-wide statements because of the relationship of the internal transactions to the government as a whole.		<u>3,234</u>
--	--	--------------

Net assets of governmental activities	\$	<u><u>1,219,385</u></u>
---------------------------------------	----	-------------------------

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2004

	General	Nonmajor Governmental Funds	Total
Revenues:			
Local sources:			
Local tax	\$ 1,455,388	\$ 441,866	\$ 1,897,254
Tuition	128,868	-	128,868
Other	86,326	180,871	267,197
State sources	2,875,610	2,082	2,877,692
Federal sources	130,142	-	130,142
Total revenues	4,676,334	624,819	5,301,153
Expenditures:			
Current:			
Instruction:			
Regular instruction	2,448,865	11,772	2,460,637
Special instruction	608,264	-	608,264
Other instruction	413,379	151,483	564,862
	3,470,508	163,255	3,633,763
Support services:			
Student services	187,065	55	187,120
Instructional staff services	103,906	72,833	176,739
Administration services	553,294	1,704	554,998
Operation and maintenance of plant services	340,385	46,000	386,385
Transportation services	148,681	8,969	157,650
Central and other support services	18,723	-	18,723
	1,352,054	129,561	1,481,615
Non-instructional programs	-	2,755	2,755
Other expenditures:			
Facilities acquisition	-	338,121	338,121
Long term debt:			
Principal	-	125,000	125,000
Interest and fiscal charges	-	140,637	140,637
AEA flowthrough	191,905	-	191,905
	191,905	603,758	795,663
Total expenditures	5,014,467	899,329	5,913,796
Deficiency of revenues under expenditures	(338,133)	(274,510)	(612,643)

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2004

	General	Nonmajor Governmental Funds	Total
Other financing sources (uses):			
Interfund transfers in	\$ -	\$ 151,769	\$ 151,769
Interfund transfers out	-	(151,769)	(151,769)
General obligation refunding bonds issued (net issuance costs of \$38,998)	-	3,131,002	3,131,002
Bond refunding payment to escrow agent	-	(3,131,002)	(3,131,002)
Total other financing sources (uses)	-	-	-
Net change in fund balances	(338,133)	(274,510)	(612,643)
Fund balances beginning of year	(9,254)	491,850	482,596
Fund balances end of year	\$ (347,387)	\$ 217,340	\$ (130,047)

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

Net change in fund balances - total governmental funds \$ (612,643)

Amounts reported for governmental activities in the statement of activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the statement of net assets and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 486,674	
Depreciation expense	<u>(175,663)</u>	311,011

Certain income surtax not received until several months after the District's fiscal year ends is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the statement of activities. 813

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets. 133,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 4,763

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (449,873)

The change in the balance of the Internal Service Fund represents an overcharge to the governmental funds for services rendered and, therefore, is included in the government-wide statements to correct this effect. (1,935)

Change in net assets of governmental activities \$ (614,864)

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2004

	Enterprise Fund School Nutrition	Internal Service Fund Flex 125 Plan
Assets		
Cash and cash equivalents	\$ 34,015	\$ 3,234
Accounts receivable	268	-
Inventories	8,173	-
Capital assets, net of accumulated depreciation	14,532	-
Total assets	<u>56,988</u>	<u>3,234</u>
Liabilities		
Accounts payable	75	-
Salaries and benefits payable	10,429	-
Deferred revenue	94	-
Total liabilities	<u>10,598</u>	<u>-</u>
Net Assets		
Invested in capital assets, net of related debt	14,532	-
Unrestricted	<u>31,858</u>	<u>3,234</u>
Total net assets	<u>\$ 46,390</u>	<u>\$ 3,234</u>

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2004

	Enterprise Fund School Nutrition	Internal Service Fund Flex 125 Plan
Operating revenues:		
Local sources:		
Charges for services	\$ 152,573	\$ 7,260
Operating expenses:		
Non-instructional programs:		
Food service operations:		
Salaries	70,376	-
Benefits	16,439	-
Purchased services	5,296	9,195
Supplies	133,381	-
Depreciation	2,447	-
	<u>227,939</u>	<u>9,195</u>
Operating loss	<u>(75,366)</u>	<u>(1,935)</u>
Non-operating revenues:		
Interest on investments	26	-
State sources	3,348	-
Federal sources	76,219	-
Total non-operating revenues	<u>79,593</u>	<u>-</u>
Change in net assets	4,227	(1,935)
Net assets beginning of year	<u>42,163</u>	<u>5,169</u>
Net assets end of year	<u>\$ 46,390</u>	<u>\$ 3,234</u>

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2004

	Enterprise Fund School Nutrition	Internal Service Fund Flex 125 Plan
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 143,631	\$ -
Cash received from miscellaneous operating activities	8,768	7,260
Cash payments to employees for services	(86,119)	-
Cash payments to suppliers for goods or services	<u>(126,531)</u>	<u>(9,195)</u>
Net cash used in operating activities	<u>(60,251)</u>	<u>(1,935)</u>
Cash flows from non-capital financing activities:		
State grants received	3,348	-
Federal grants received	<u>60,586</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>63,934</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(2,850)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>26</u>	<u>-</u>
Net increase in cash and cash equivalents	859	(1,935)
Cash and cash equivalents beginning of year	<u>33,156</u>	<u>5,169</u>
Cash and cash equivalents end of year	<u>\$ 34,015</u>	<u>\$ 3,234</u>

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2004

	Enterprise Fund School Nutrition	Internal Service Fund Flex 125 Plan
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (75,366)	\$ (1,935)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,447	-
Commodities used	15,633	-
(Increase) in accounts receivable	(268)	-
(Increase) in inventories	(3,048)	-
(Decrease) in accounts payable	(439)	-
Increase in salaries and benefits payable	696	-
Increase in deferred revenues	94	-
Net cash used in operating activities	\$ <u>(60,251)</u>	\$ <u>(1,935)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2004, the District received \$15,633 of federal commodities.

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2004

	Private Purpose Trust
	<u>Scholarship</u>
Assets	
Cash and pooled investments	\$ <u>41,945</u>
Liabilities	
Liabilities:	
Accounts payable	<u>397</u>
Net assets:	
Reserved for scholarships	\$ <u><u>41,548</u></u>
See notes to financial statements.	

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2004

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 46,322	
Interest	<u>1,689</u>	
Total additions	<u>48,011</u>	
Deductions:		
Instruction:		
Purchased services	13,720	
Supplies	<u>26,316</u>	
	<u>40,036</u>	
Non-instructional programs:		
Purchased services	1,112	
Supplies	<u>781</u>	
	<u>1,893</u>	
Total expenditures	<u>41,929</u>	
Change in net assets	6,082	
Net assets beginning of year	<u>35,466</u>	
Net assets end of year	<u>\$ 41,548</u>	

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies

Iowa Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Marengo, Iowa, and the predominate agricultural territory in Iowa County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Iowa Valley Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Iowa Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Iowa County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The statement of net assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the main operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

All proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the statement of net assets and the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2003.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment are reported in the applicable governmental or business-type activities columns in the District-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and of unearned meal revenues in the Enterprise Fund, School Nutrition.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured as a result of employee resignations or retirements. The District had no compensated absence liability at June 30, 2004.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide statement of net assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements in the instruction, support services, and other expenditures functional areas exceeded the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 2. Cash and Pooled Investments (continued)

The District's investments at June 30, 2004 are as follows:

<u>Type</u>	<u>Risk Category</u>	<u>Carry Value</u>
Iowa Schools Joint Investment Trust	-	\$ 337,505
Money Market Mutual Funds	2	<u>14,170</u>
Total		<u>\$ 351,675</u>

The District's investments in the Iowa Schools Joint Investment Trust is valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Money Market Mutual Fund is stated at fair value which is determined based on securities traded on a national or international exchange based on the last reported sales price at current exchange rates. Governmental Accounting Standards Board Statement No. 3 requires investments to be categorized to give an indication of the level of risk assumed by the District at year end. The District's investment in the Iowa Schools Joint Investment Trust is not subject to risk categorization. The Money Market Mutual Funds are Category 2 which means that the investment is uninsured and unregistered with the securities held by the District's agent in the District's name.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue: Physical Plant and Equipment Levy	<u>\$ 151,769</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 4. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2004 is as follows:

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 4. Iowa Schools Cash Anticipation Program (ISCAP) (continued)

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2003-04B	1/30/2004	1/28/2005	\$ 285,934	\$ 1,276	\$ 284,000	\$ 2,382
2004-05A	6/30/2004	6/30/2005	862,650	58	858,000	72
Total			<u>\$ 1,148,584</u>	<u>\$ 1,334</u>	<u>\$ 1,142,000</u>	<u>\$ 2,454</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2004 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2003-04A	\$ -	\$ 250,000	\$ 250,000	\$ -
2003-04B	-	200,000	200,000	-
Total	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ -</u>

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2003-04A	2.000%	1.0501%
2003-04B	2.000%	1.3100%
2004-05A	3.000%	2.463%

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2004 is as follows:

	Balance Beginning of Year, as Restated (note 11)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 253,500	\$ -	\$ -	\$ 253,500
Construction in progress	117,460	416,857	534,317	-
Total capital assets not being depreciated	370,960	416,857	534,317	253,500
Capital assets being depreciated:				
Buildings	5,462,451	534,317	-	5,996,768
Improvements other than buildings	342,258	-	-	342,258
Furniture and equipment	689,928	69,817	58,453	701,292
Total capital assets being depreciated	6,494,637	604,134	58,453	7,040,318
Less accumulated depreciation for:				
Buildings	2,063,430	113,949	-	2,177,379
Improvements other than buildings	245,123	12,921	-	258,044
Furniture and equipment	513,368	48,793	58,453	503,708
Total accumulated depreciation	2,821,921	175,663	58,453	2,939,131
Total capital assets being depreciated, net	3,672,716	428,471	-	4,101,187
Governmental activities capital assets, net	\$ 4,043,676	\$ 845,328	\$ 534,317	\$ 4,354,687

The beginning balances of capital assets have been adjusted to more properly reflect historical cost and adjustments required for the change in capitalization thresholds implemented by the District in the year ended June 30, 2004. Land values have been increased by \$32,500 to reflect the addition of items omitted in prior years. Land improvements have been increased by \$18,711 to reflect the addition of items omitted in prior years. Equipment has been decreased by \$484,588 to reflect the removal of items valued below the capitalization threshold of \$2,500.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 34,852	\$ 2,850	\$ -	\$ 37,702
Less accumulated depreciation	20,723	2,447	-	23,170
Business-type activities capital assets, net	<u>\$ 14,129</u>	<u>\$ 403</u>	<u>\$ -</u>	<u>\$ 14,532</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:

 Instruction:

 Regular

\$ 11,223

 Support services:

 Administration

2,889

 Operation and maintenance of plant services

1,613

 Transportation

33,068

48,793

Unallocated depreciation

126,870

Total governmental activities depreciation expense

\$ 175,663

Business-type activities:

 Food service operations

\$ 2,447

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

	Early Retirement	General Obligation Bonds	Real Estate Contract	Total
Balance beginning of year	\$ 132,152	\$ 2,815,000	\$ 8,000	\$ 2,955,152
Additions	152,325	3,170,000	-	3,322,325
Reductions	57,452	2,940,000	8,000	3,005,452
Balance end of year	<u>\$ 227,025</u>	<u>\$ 3,045,000</u>	<u>\$ -</u>	<u>\$ 3,272,025</u>
Due within one year	<u>\$ 106,425</u>	<u>\$ 155,000</u>	<u>\$ -</u>	<u>\$ 261,425</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five on or before September 1 of the next fiscal year and employees must have completed fifteen years of continuous service to the District. Employees must submit a letter requesting early retirement by March 1st of the retirement year to be approved by the Board of Education. The early retirement incentive for each eligible employee is a percentage of the employee's base rate which is calculated as 50% of the employee's present year salary, excluding extracurricular, Phase II and Phase III monies, and any contract extensions. The benefit received will be 100% of the base rate if the employee retires in the first year of eligibility, 75% of the base rate if the employee retires in the second year of eligibility, and 50% of the base rate if the employee retires in the third year of eligibility. In addition, the District will offer single health insurance coverage until an individual reaches age 65 at an amount not to exceed \$225 per month. Early retirement benefits paid during the year ended June 30, 2004, totaled \$57,452. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

Bonds Payable

During the year ended June 30, 2004, the District issued \$3,170,000 in General Obligation School Refunding Bonds dated December 1, 2003. The bonds have interest rates ranging from 3.00% to 4.30%. Proceeds from the bond issue were placed into escrow and will be used to service the District's June 1, 2000 General Obligation School Building Bonds issue, with interest ranging from 5.50% to 6.75%. The June 1, 2000 Bonds will be advance refunded from the escrow account on June 1, 2009, when the Bonds become callable. The bond refunding issue meets the qualifications of a debt defeasance and the June 1, 2000 General Obligation School Building Bonds have been removed from the District's long-term liabilities.

The advance refunding procedure resulted in a total debt service savings of \$122,614, with a net present value of \$91,263.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Details of the District's June 30, 2004 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2005	3.00 %	\$ 155,000	\$ 109,415	\$ 264,415
2006	3.00	155,000	104,765	259,765
2007	3.00	155,000	100,115	255,115
2008	3.00	160,000	95,465	255,465
2009	3.00	165,000	90,665	255,665
2010	3.10	170,000	85,715	255,715
2011	3.25	175,000	80,445	255,445
2012	3.45	185,000	74,758	259,758
2013	3.55	190,000	68,375	258,375
2014	3.70	195,000	61,630	256,630
2015	3.80	205,000	54,415	259,415
2016	3.90	210,000	46,625	256,625
2017	4.00	215,000	38,435	253,435
2018	4.10	230,000	29,835	259,835
2019	4.20	235,000	20,405	255,405
2020	4.30	245,000	10,535	255,535
Total		\$ 3,045,000	\$ 1,071,598	\$ 4,116,598

During the year ended June 30, 2004, the District retired \$125,000 in general obligation bonds. The District has \$2,715,000 in general obligation bonds outstanding but removed from the District's liabilities.

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$180,887, \$169,228, and \$170,247 respectively, equal to the required contributions for each year.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 8. Risk Management

Iowa Valley Community School District is a member in the Iowa School Employees Benefits Association, an Iowa Code Chapter 28E organization. The Iowa School Employees Benefits Association (ISEBA) is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. ISEBA was formed July 1999 for the purpose of managing and funding employee benefits. ISEBA provides coverage and protection in the following categories: medical, dental, vision and prescription drugs.

Each member's contributions to ISEBA fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, ISEBA's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2004 were \$583,593.

Payments from participating members are the sole source for paying claims and establishing reserves for the ISEBA self-funded programs. Stop loss insurance is purchased by ISEBA to protect against large claims but the potential exists for claims to exceed premium payments made by members into the program. In the event that claims exceed premiums and reserves, an assessment may be necessary to pay claims and replenish reserves in the program.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the District's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw. ISEBA will pay claims incurred before the termination date.

Iowa Valley Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$191,905 for the year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 10. Financial Condition

The District's Major Fund, General Fund had an unreserved, undesignated deficit Fund balance of \$353,529 at June 30, 2004. The District's non-major Special Revenue Fund, Student Activity had several individual account deficits at June 30, 2004. In addition, the District's governmental activities had an unrestricted net asset deficit of \$247,545 at June 30, 2004.

Note 11. Accounting Change

Governmental Accounting Standards Board (GASB) Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during the year ended June 30, 2004. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosure; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; were implemented during the year June 30, 2004. The statements create new basic financial statements for reporting the District's financial activities. The financial statements now include District-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The District-wide financial statements separate the District's programs between business-type and governmental activities. The beginning net assets for governmental activities has been restated to include capital assets, long-term liabilities and the changes in assets and liabilities at July 1, 2003 caused by the conversion to the accrual basis of accounting.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 11. Accounting Change (continued)

	<u>Fund</u>		
	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Net assets, June 30, 2003, as previously reported	\$ <u>(9,254)</u>	\$ <u>491,850</u>	\$ 482,596
GASB 34 adjustments:			
Capital assets, net of accumulated depreciation of \$2,821,921			4,043,676
Long-term liabilities:			
Bonds and notes		(2,815,000)	
Early retirement		(132,152)	
Real estate contract		<u>(8,000)</u>	(2,955,152)
Accrued interest payable			(13,881)
Internal Service Fund			5,169
Deferred revenue			<u>271,841</u>
Net assets, July 1, 2003, as restated			\$ <u><u>1,834,249</u></u>

Required Supplementary Information

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Fund Required Supplementary Information Year Ended June 30, 2004

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
RECEIPTS:					
Local sources	\$ 2,341,796	\$ 152,425	\$ 2,494,221	\$ 2,357,164	\$ 137,057
State sources	2,857,138	3,348	2,860,486	2,992,444	(131,958)
Federal sources	111,443	76,219	187,662	178,000	9,662
Total receipts	<u>5,310,377</u>	<u>231,992</u>	<u>5,542,369</u>	<u>5,527,608</u>	<u>14,761</u>
DISBURSEMENTS:					
Instruction	3,551,363	-	3,551,363	3,493,000	(58,363)
Support services	1,468,832	-	1,468,832	1,452,300	(16,532)
Non-instructional programs	9,677	231,133	240,810	260,000	19,190
Other expenditures	924,709	-	924,709	778,325	(146,384)
Total disbursements	<u>5,954,581</u>	<u>231,133</u>	<u>6,185,714</u>	<u>5,983,625</u>	<u>(202,089)</u>
Excess (deficiency) of receipts over (under) disbursements	(644,204)	859	(643,345)	(456,017)	(187,328)
Balance beginning of year	<u>923,824</u>	<u>33,156</u>	<u>956,980</u>	<u>927,863</u>	<u>29,117</u>
Balance end of year	<u>\$ 279,620</u>	<u>\$ 34,015</u>	<u>\$ 313,635</u>	<u>\$ 471,846</u>	<u>\$ (158,211)</u>

See accompanying independent auditor's report.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information
Year Ended June 30, 2004

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 5,310,377	\$ (9,224)	\$ 5,301,153
Expenditures	5,954,581	(40,785)	5,913,796
Net	(644,204)	31,561	(612,643)
Beginning fund balances	923,824	(441,228)	482,596
Ending fund balances	<u>\$ 279,620</u>	<u>\$ (409,667)</u>	<u>\$ (130,047)</u>
	Proprietary Fund		
	Enterprise		
	Cash Basis	Accrual Adjust- ments	Accrual Basis
Revenues	\$ 231,992	\$ 174	\$ 232,166
Expenses	231,133	(3,194)	227,939
Net	859	3,368	4,227
Beginning net assets	33,156	9,007	42,163
Ending net assets	<u>\$ 34,015</u>	<u>\$ 12,375</u>	<u>\$ 46,390</u>

See accompanying independent auditor's report.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2004

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District did not amend the budget during the year ended June 30, 2004.

During the year ended June 30, 2004, disbursements in the instruction, support services, and other expenditures functional areas exceeded the amounts budgeted.

Other Supplementary Information

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2004

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Assets				
Cash and pooled investments	\$ 51,611	\$ 107,562	\$ 56,595	\$ 1,267
Receivables:				
Property tax:				
Current year	2,473	-	1,671	2,162
Succeeding year	136,000	-	72,000	97,000
Income surtax	-	-	116,852	-
Accounts	709	1,559	-	-
Total assets	\$ <u>190,793</u>	\$ <u>109,121</u>	\$ <u>247,118</u>	\$ <u>100,429</u>
Liabilities and Fund Equity				
Liabilities:				
Excess of warrants issued over bank balances	\$ 16,459	\$ -	\$ -	\$ -
Accounts payable	-	2,144	-	-
Deferred revenue:				
Succeeding year property tax	136,000	-	72,000	97,000
Other	-	-	116,852	-
Real estate contract	-	-	8,000	-
Total liabilities	<u>152,459</u>	<u>2,144</u>	<u>196,852</u>	<u>97,000</u>
Fund equity:				
Fund balances:				
Reserved for:				
Debt service	-	-	-	3,429
Unreserved:				
Undesignated	<u>38,334</u>	<u>106,977</u>	<u>50,266</u>	<u>-</u>
Total fund equity	<u>38,334</u>	<u>106,977</u>	<u>50,266</u>	<u>3,429</u>
Total liabilities and fund equity	\$ <u>190,793</u>	\$ <u>109,121</u>	\$ <u>247,118</u>	\$ <u>100,429</u>

See accompanying independent auditor's report.

<u>Capital Projects</u>	<u>Total</u>
\$ 18,334	\$ 235,369
-	6,306
-	305,000
-	116,852
-	2,268
<u>\$ 18,334</u>	<u>\$ 665,795</u>

\$ -	\$ 16,459
-	2,144
-	305,000
-	116,852
-	8,000
<u>-</u>	<u>448,455</u>

-	3,429
<u>18,334</u>	<u>213,911</u>
<u>18,334</u>	<u>217,340</u>
<u>\$ 18,334</u>	<u>\$ 665,795</u>

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2004

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Revenues:				
Local sources:				
Local tax	\$ 124,168	\$ -	\$ 204,620	\$ 113,078
Other	16,131	143,402	936	774
State sources	818	-	551	713
Federal sources	-	-	-	-
Total revenues	141,117	143,402	206,107	114,565
Expenditures:				
Current:				
Instruction:				
Regular instruction	11,772	-	-	-
Other instruction	-	151,483	-	-
Support services:				
Student services	55	-	-	-
Instructional staff services	72,833	-	-	-
Administration services	1,704	-	-	-
Operation and maintenance of plant services	34,900	-	11,100	-
Transportation services	8,969	-	-	-
Non instructional programs	2,755	-	-	-
Other expenditures:				
Facilities acquisition	-	-	9,190	-
Long term debt:				
Principal	-	-	-	125,000
Interest and fiscal charges	-	-	-	140,637
Total expenditures	132,988	151,483	20,290	265,637
Excess (deficiency) of revenues over (under) expenditures	8,129	(8,081)	185,817	(151,072)
Other financing sources (uses)				
Interfund transfers in	-	-	-	151,769
Interfund transfers out	-	-	(151,769)	-
General obligation refunding bonds issued (net of issuance costs of \$38,998)	-	-	-	3,131,002
Bond refunding payment to escrow agent	-	-	-	(3,131,002)
Total other financing sources (uses)	-	-	(151,769)	151,769

	Capital Projects	Total
\$	-	\$ 441,866
	19,628	180,871
	-	2,082
	-	-
	19,628	624,819
	-	11,772
	-	151,483
	-	55
	-	72,833
	-	1,704
	-	46,000
	-	8,969
	-	2,755
	328,931	338,121
	-	125,000
	-	140,637
	328,931	899,329
	(309,303)	(274,510)
	-	151,769
	-	(151,769)
	-	3,131,002
	-	(3,131,002)
	-	-

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2004

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Excess (deficiency) of revenues over (under) expenditures and other financing uses	\$ 8,129	\$ (8,081)	\$ 34,048	\$ 697
Fund balances beginning of year	30,205	115,058	16,218	2,732
Fund balances end of year	<u>\$ 38,334</u>	<u>\$ 106,977</u>	<u>\$ 50,266</u>	<u>\$ 3,429</u>

See accompanying independent auditor's report.

<u>Capital Projects</u>	<u>Total</u>
\$ (309,303)	\$ (274,510)
<u>327,637</u>	<u>491,850</u>
\$ <u><u>18,334</u></u>	\$ <u><u>217,340</u></u>

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

Year Ended June 30, 2004

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
AFS Club	\$ 1,920	\$ -	\$ -	\$ 1,920
Annual	4,441	8,731	11,987	1,185
Band	2,370	8,112	8,585	1,897
Baseball	(2,698)	5,089	5,289	(2,898)
Basketball	14,146	7,079	7,888	13,337
Basketball Camp	(350)	488	(65)	203
Cheerleaders	(214)	8,298	8,276	(192)
Class of:				
2001	245	-	-	245
2002	361	-	50	311
2003	-	41	41	-
2004	849	1,114	1,963	-
2005	94	6,963	6,088	969
2006	25	25	-	50
Dramatics - Senior High/Junior High	2,338	752	896	2,194
Elementary - Student Council	1,408	1,768	2,125	1,051
FFA	20,472	20,597	21,914	19,155
FHA	658	248	333	573
Fine Arts Special Projects	2,891	540	-	3,431
Football	9,150	12,751	14,490	7,411
Golf	(1,287)	1,817	1,817	(1,287)
Interest Income	14,221	566	1,592	13,195
National Honor Society	643	-	347	296
Pep Club	1,411	882	962	1,331
Playground Project Activities	1,658	-	-	1,658
S.O.A.R.	(43)	17,024	16,364	617
Softball	(4,019)	5,174	4,312	(3,157)
Student Council	18,426	20,432	18,179	20,679
TAG - City Park Project	7	-	-	7
Tiger's Eye	3,379	99	1,630	1,848
Tiger Pride Videos	473	-	-	473
Track	9,559	5,610	5,724	9,445
Vocal Music	2,680	6,411	7,056	2,035
Volleyball	6,115	4,630	4,844	5,901
Volleyball Camp	(1,143)	1,445	1,894	(1,592)
Wrestling	4,872	5,585	5,771	4,686
Less: Intrafund Transfers	-	(8,869)	(8,869)	-
Total	\$ 115,058	\$ 143,402	\$ 151,483	\$ 106,977

See accompanying independent auditor's report.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2004	2003	2002	2001
Revenues:				
Local sources:				
Local tax	\$ 1,897,254	\$ 1,799,747	\$ 1,728,285	\$ 1,636,677
Tuition	128,868	120,763	68,259	64,606
Other	267,197	284,304	292,219	448,198
Intermediate sources	-	-	4,334	-
State sources	2,877,692	2,790,844	2,775,266	2,870,768
Federal sources	130,142	93,537	94,663	101,984
Total revenues	<u>\$ 5,301,153</u>	<u>\$ 5,089,195</u>	<u>\$ 4,963,026</u>	<u>\$ 5,122,233</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 2,460,637	\$ 2,247,791	\$ 2,199,116	\$ 2,131,649
Special instruction	608,264	630,701	564,453	524,407
Other instruction	564,862	513,901	511,669	494,517
Support services:				
Student services	187,120	172,539	189,020	174,510
Instructional staff services	176,739	103,352	106,506	110,794
Administration services	554,998	560,072	548,158	491,490
Operation and maintenance of plant services	386,385	358,302	286,121	314,557
Transportation services	157,650	109,701	95,650	154,506
Central and other support services	18,723	620	-	-
Non-instructional programs	2,755	18,297	19,795	16,542
Other expenditures:				
Facilities acquisition	338,121	450,965	1,439,259	1,216,372
Long-term debt:				
Principal	125,000	110,000	105,000	15,000
Interest and fiscal charges	140,637	174,521	181,382	181,072
AEA flowthrough	191,905	198,852	198,322	204,270
Total expenditures	<u>\$ 5,913,796</u>	<u>\$ 5,649,614</u>	<u>\$ 6,444,451</u>	<u>\$ 6,029,686</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Education of
Iowa Valley Community School District:

We have audited the financial statements of Iowa Valley Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated September 3, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Iowa Valley Community School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Iowa Valley Community School District's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item II-B-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iowa Valley Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item I-A-04 is a material weakness. Prior year reportable conditions have been resolved except for items I-A-04 and I-B-04.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Iowa Valley Community School District and other parties to whom Iowa Valley Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Valley Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
September 3, 2004

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2004

Part I: Findings Related to the General Purpose Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

I-A-04 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the posting of disbursements to the journals, check preparation and the payroll are all done by the same person.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, we recommend that the District review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will continue to investigate available alternatives as responsibilities change and implement whenever possible. In the past year a second individual has handled the posting of the receipts, and check signing areas. We hope to further increase the extent of the individual's duties in the future in the disbursement area.

Conclusion – Response accepted.

I-B-04 Financial Condition – At June 30, 2004, the District's Major Fund, General Fund had an unreserved, undesignated deficit fund balance of \$353,529. The Special Revenue Fund, Student Activity had several deficit balances in individual accounts within the fund. In addition, the District's governmental activities had an unrestricted net assets deficit of \$247,545.

Recommendation – The District should investigate alternatives to eliminate these deficits and return the General Fund and governmental activities to sound conditions and insure that individual student activity accounts are monitored more closely.

Response – We will investigate alternatives to eliminate these deficits. We will look at current procedures for Student Activity Fund disbursements and decide how to eliminate these deficit balances.

Conclusion – Response accepted.

I-C-04 Fundraising Activities – We noted in our testing of the Special Revenue Fund, Student Activity receipts that the District does not require reconciliations for fundraising activities.

Recommendation – The District should develop and enforce procedures for fundraiser approvals and reconciliations of fundraising receipts claimed to deposits and related expenditures. This will ensure accurate record-keeping and help to protect the underlying assets.

Response – We will discuss possible procedures and will implement the best solution to this situation.

Conclusion – Response accepted.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2004

Part II: Other Findings Related to Statutory Reporting:

II-A-04 Official Depositories – Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2004.

II-B-04 Certified Budget – Disbursements for the year ended June 30, 2004, exceeded the amount budgeted in the instruction, support services, and other expenditures functions.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend our budget before disbursements exceed the budget.

Conclusion – Response accepted.

II-C-04 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-D-04 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-E-04 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Jane Fry, Board Member	Piano accompaniment	\$ 250

The transaction with Board Member Fry does not appear to represent a conflict of interest since the transaction was less than the maximum allowed as provided by Chapter 279.7A of the Code of Iowa.

II-F-04 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-G-04 Board Minutes – We noted no transactions requiring Board approval which had not been approved by the Board.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2004

Part II: Other Findings Related to Statutory Reporting (continued):

II-H-04 Certified Enrollment – We noted a variance in the basic enrollment data certified to the Department of Education whereby the actual enrollment was overstated by three erroneously claimed open enrolled “out” students.

Recommendation – The District should contact the Department of Management to resolve this situation.

Response – We will contact the Department of Management as required.

Conclusion – Response accepted.

II-I-04 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

II-J-04 Certified Annual Report – The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

This document was created with Win2PDF available at <http://www.daneprairie.com>.
The unregistered version of Win2PDF is for evaluation or non-commercial use only.